

**Technical Rule no. 5 rev.
01 MTE**

(under Article 4 of the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Productive Activities of 19 December 2003, as subsequently amended and supplemented)

Title	Closing of contractual positions upon default
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Reference Legislation	Article 93, Integrated Text of the Electricity Market Rules
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1. Foreword

Article 88, para. 88.2 of the Integrated Text of the Electricity Market Rules (hereafter “Electricity Market Rules”) provides that a Market Participant shall be in default in the MTE if, among others, it has not adjusted the guarantee as per Article 81 thereof or if it has not made payments to GME as per Article 83, para. 83.2 thereof.

Article 89, para. 89.1 provides that, in the above-mentioned cases of default, GME shall suspend the Market Participant from the Electricity Market (ME) and, if he/she is also a natural-gas market (MGAS) participant, from GAS Market; redeem the posted guarantees and close the contractual positions in the MTE under Article 93 of the Electricity Market Rules, as well as the contractual positions of the MGAS, according to the provisions of the MGAS Rules.

Article 93 of the Electricity Market Rules provides that GME shall close all the contractual position of the MTE of the defaulting Market Participant, by carrying out transactions of opposite sign in the MTE or MGP in accordance with the modalities and time limits defined in the Technical Rules.

2. Closing of the Market Participant’s positions of the MTE

Upon the occurrence of the cases of default referred to in Article 88, para. 88.2 a) and b), GME shall close all the pending contractual positions of the MTE of the defaulting Market Participant, by carrying out one or more transactions of opposite sign and assigning them to the same Participant.

GME shall close the positions in the MTE by trading one or more contracts, having a total quantity of electricity (calculated in respect of each of the hours included in the delivery period) equal to the quantity of electricity covered by the contract to be closed.

If GME does not succeed in closing the positions in respect of which the default has occurred, GME shall - considering, among others, the levels of liquidity of the MTE - close the positions directly in the MGP.

In particular:

- if the defaulting Participant has open buying positions, GME shall close these contractual positions by carrying out one or more sale transactions in the MTE or, alternatively, on MGP and assigning them to the defaulting Participant, at the price at which the transaction has been concluded or average price (in case of multiple operations) at which the same transactions have been concluded;
- if the defaulting Participant has open selling positions, GME shall close these contractual positions by carrying out one or more purchase transactions in the MTE or, alternatively, on MGP and assigning them to the defaulting Participant, at the price at which the transaction has been concluded or average price, (in case of multiple operations) at which the same transactions have been concluded.

For the invoicing and settlement of payments in respect of the transactions mentioned in the

above paragraphs, reference shall be made to the provisions on the defaulting Market Participant contained in Technical Rule no. 08 ME.